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FM AMEMBASSY SANTO DOMINGO
TO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE IMMEDIATE
RUEHBO/AMEMBASSY BOGOTA IMMEDIATE 1707
RUEHWN/AMEMBASSY BRIDGETOWN IMMEDIATE 2199
RUEHCV/AMEMBASSY CARACAS IMMEDIATE 0945
RUEHGE/AMEMBASSY GEORGETOWN IMMEDIATE 1108
RUEHZP/AMEMBASSY PANAMA IMMEDIATE 0722
RUEHPO/AMEMBASSY PARAMARIBO IMMEDIATE 1233
RUEHPU/AMEMBASSY PORT AU PRINCE IMMEDIATE 4877
RUEHSP/AMEMBASSY PORT OF SPAIN IMMEDIATE 1937
INFO RUEHXQ/ALL EUROPEAN UNION POST COLLECTIVE

UNCLAS SECTION 01 OF 03 SANTO DOMINGO 001666

SENSITIVE
SIPDIS

WHA/CAR FOR VDEPIRRO

E.O. 12958: N/A
TAGS: [PGOV](#) [PREL](#) [KCRM](#) [EINV](#) [ECON](#) [DR](#)
SUBJECT: SANTIAGO: THE OTHER DOMINICAN REPUBLIC

REF: A. SDO 1513
[1](#)B. SDO 1608

[1](#)1. (SBU) Summary: Whereas piles of trash and crumbling sidewalks decorate Santo Domingo, Santiago - the DR's second largest city - demonstrates what public-private partnerships and civic pride can achieve. The entrepreneurial spirit of the region was on display during Ambassador Fannin's recent trip both to Santiago and Puerto Plata, where he met local political and business leaders. Santiago's mayor, a leader of the Reformista Party, has a knack for bringing various parts of the community together and is working to create consensus within his own fractious party as it seeks to select new leadership (Ref A). However, the threat posed by narco-trafficking and related money-laundering is increasing in the region and prompted local prosecutors to appeal for more U.S.-sponsored training. End Summary.

Ambassador Fannin Reaches and Speaks Out

[1](#)2. (U) From October 7 to 9, Ambassador Fannin traveled to Santiago and Puerto Plata, in large part to speak before American Chamber of Commerce (AmCham) members and local dignitaries in both cities. After reviewing the long and fruitful history of USAID and FCS efforts to promote SMEs and trade, the Ambassador stressed the need for the Dominican Republic to fight corruption. Given that tough economic times will cause investors to be choosier, he said, "Now more than ever this country needs to make clear that contracts are honored and the rule of law will be respected." The Ambassador's speeches received widespread coverage in the media.

[1](#)3. (U) While in Santiago, Ambassador also spoke at the "Visit USA" event - a day of presentations about the U.S. visa process and entry requirements. He next met with Dr. Sarah Gonzalez, Vice Rector of PUCMM (Pontificia Universidad Catolica Madre y Maestra), and the faculty of the university. PUCMM was launched over 40 years ago with the support of USAID and is considered one of the country's best universities. Embassy officials then held a town-hall style meeting with approximately 35 American students. A highlight of Ambassador Fannin's trip was his visit to the modern "HOMS" hospital in Santiago where he met 22 volunteer doctors and nurses from Arizona. The hospital was established through Santiago's biggest private-public partnership to date. The next day, he dropped by the "DREAM" project in Puerto Plata. The DREAM (Dominican Republic Education and Mentoring)

project - with which USAID has a two-year collaborative agreement worth \$290,000 - is a 501c3 non-profit that provides education to poor children from small communities in the DR.

¶4. (U) Government and business leaders in the Northern parts of the Dominican Republic are determined to improve life in their region: For instance, in addition to the HOMS hospital, Santiago boasts the "Centro Cultural Eduardo Leon Jimenes" - recently built by the very wealthy Leon family which has roots in Santiago. This elegant, modern structure houses an art gallery, a "media-tech" center with searchable databases of maps, photos and other images, and a permanent exhibition of rare pre-Colombian Taino Indian artifacts. When Poloff visited the complex, several groups of students were on field-trips to the center. Similarly, the DREAM project in Puerto Plata receives funding from local business leaders.

The Special Case of Santiago

¶5. (U) Following up on the Ambassador's successful trip, Poloff met with officials in Santiago on October 15 to find out more about local conditions. The first meeting was with Mayor Jose Enrique Sued, who is currently serving his third (and second consecutive) term. Asked how Santiago looks so well maintained, the Mayor apologized for the town's current state, adding that a new trash collection contract with an Italian firm will begin operating in November. He then explained that he works with "all levels of society" and that he and other leaders are committed to implementing the

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2006-2010 municipal plan. Sued proudly stated that they are already working on a plan for the city and region that would run through 2020. He noted that other parts of the Dominican Republic lack such development plans and suggested that other local governments do not work to build consensus across social and party lines, as does Santiago.

¶6. (SBU) He complained, however, that the national government fails to provide his city with the money it should, given its population of 753,000. (Note: In the DR, local governments do not have much power to tax and spend. Santiago, the Mayor claimed, should be getting 10 percent of the national budget that is allocated to local government, but instead is receiving approximately 6.4 percent. The Executive Director of the local Dominican-American Cultural Center, who has lived in the area some 30 years, confirmed that while previous mayors had complained about insufficient funding and "got nothing done," Sued is getting things done despite perennial budget issues. End Note) The Mayor and the city's Secretary General, Victor Garcia, then recounted how it took 15 years for the Santiago international airport to be built - another example, in their view, of deliberate efforts by "the politicians in Santo Domingo" to block local "autonomy" even at the cost of impeding national development.

¶7. (SBU) Asked about the postponement of the Reformista Party's internal elections (originally scheduled for late October) and their transformation into a kind of leadership conference in late November, Sued confided that he was behind the move to change the process. He said the PRSC (Partido Reformista Social Cristiano) needed a "new face." If primaries - as opposed to a consensus-seeking mechanism - were to be used, he said, "We all know that the man with the most resources would win." (Comment: The Mayor and Poloff understood that he was referring to Amable Aristy. Aristy, as noted in ref tel A, is seen as likely to gain the PRSC's presidency because of his decades of service in the party and his reputedly vast wealth. Given that Aristy led the party to disaster in the May 2008 presidential race, he would hardly represent a "new face." Sued's comment is remarkable not only for the hint about role money plays in DR politics, but also because he served as Aristy's running mate in this

year's election.
End Comment.)

¶8. (SBU) Sued also expressed reservations about aspects of President Fernandez's extensive package of constitutional reforms. He said Dominicans must be "careful that any changes adopted do not lead to a further increase in presidential powers." (Ref B.)

¶9. (U) The picture of regional initiative and coordination was corroborated by Santiago's Governor, Jose Izquierdo of the ruling PLD party. Noting that Santiago is the largest and most influential city in the Northern half of the Dominican Republic, he affirmed that mayors from other towns in the Province of Santiago work together to push regional development. To emphasize the dynamic spirit of the region, he added that Santiago and nearby areas have produced many of the country's leaders throughout the nation's history. (Note: The region's vibrancy has not always been appreciated, however. While guiding the Ambassador through the historical parts of Puerto Plata, local businessman Vittorio Bedin said that when Trujillo was dictator of the Dominican Republic, he deliberately sought to reduce the town's role as a major port for political reasons. Now, Bedin and other local leaders are trying to save the town's remaining old Victorian style houses and the town clearly has potential for further tourism development. End Note)

Narcotics and Money-Laundering - Growing Threats

¶10. (SBU) From a law enforcement perspective, however, the situation in Santiago is less rosy. The regional Chief Prosecutor, or District Attorney, Raul Martinez and Assistant District Attorney Yeni Beremia began by noting the increase in narcotics trafficking in the area. Both said their forces need training to deal with "micro-trafficking" (street level individual drug sales) and lamented the lack of contacts with

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the Embassy's DEA office. They said they understood that aerial and seaborne drug deliveries are primarily made to other regions of the country, but they pleaded for more help. While saying they had good relations with the local judiciary, they not-surprisingly grumbled about the leniency of courts that "hand down six month sentences, instead of five years."

¶11. (SBU) Ms. Beremia was particularly concerned about money-laundering which she said is everywhere and pointed to the construction boom as a suspicious sign. To her, cooperation and training produce tangible results - she cited her experience being trained at ILEA in El Salvador three years ago as having made her much more effective. Martinez and Beremia indicated that not only are drugs being sent abroad via the Santiago airport, they are also being distributed locally. (Note: The later activity may explain their heightened concern - its not just foreigners receiving drugs nowadays. While training courses have been offered in the past, Post will seek to build on these latest meetings and identify new modes of cooperation. End Note)

Looking Ahead

¶12. (U) Comment: Some of Post's long-term efforts - such as the creation of PUCMM - have bourn fruit in the fertile political and economic soil of the Cibao region, of which Santiago is the chief city. It is heartening to see local business and political leaders vigorously promoting health, education and economic development in their area. The presence of a European Union office in Santiago suggests others have also noted the potential for regional-level coordination of development efforts. According to Mayor Sued, some other mayors have come to Santiago to see how it

is done, but clearly progress is uneven throughout the DR. There is much potential in the North. There is also the potential for that region's approach to be emulated in other areas. Post will keep looking for opportunities to nurture such potential and develop partnerships to combat the spread of narco-trafficking. End Comment.
FANNIN